

LOUISVILLE METRO COUNCIL COMMITTEE MINUTES

Labor/Economic Development

Thursday, November 29, 2007

3:00 P.M.

Third Floor, City Hall

Present:	Chair:	CM Tandy
	Members:	CM Henderson, CM Fleming,
		CM Owen, CM Henderson,
		CM Peden, CW B Hamilton and CM Hawkins

Also Present:	CM Downard, CM Heiner, CM King
	and President Blackwell

Special Items for Discussion:

Chairman Tandy announced the members and non-members of the committee that were present. A quorum was established.

AGENDA

O-292-11-07 AN ORDINANCE OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, RELATING TO THE MUSEUM PLAZA DEVELOPMENT AREA: 1) MODIFYING THE MUSEUM PLAZA DEVELOPMENT AREA TO INCLUDE THE AREA SET FORTH ON EXHIBIT A; 2) AUTHORIZING THE EXECUTION AND DELIVERY OF A DEED OR DEEDS TRANSFERRING CERTAIN REAL PROPERTY FROM LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT TO MUSEUM PLAZA LLC, A KENTUCKY LIMITED LIABILITY COMPANY, OR AN AFFILIATE THEREOF, PURSUANT TO THE TERMS OF A DEVELOPMENT AGREEMENT AMONG LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, THE METRO DEVELOPMENT AUTHORITY, INC., THE CITY OF LOUISVILLE PARKING AUTHORITY OF RIVER CITY (PARC), INC., THE URBAN RENEWAL AND COMMUNITY DEVELOPMENT AGENCY OF LOUISVILLE AND MUSEUM PLAZA LLC; 3) AUTHORIZING THE SALE AND ISSUANCE OF LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT TAX INCREMENT FINANCING REVENUE BONDS IN ONE OR MORE SERIES IN A MAXIMUM PRINCIPAL AMOUNT OF \$130,000,000; 4) PROVIDING FOR THE FINAL MATURITY OF THE BONDS AND ESTABLISHING A MAXIMUM RATE OF INTEREST TO BE PAID THEREON; 5) AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND TRUST INDENTURE BETWEEN THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AND A TO-BE-NAMED TRUSTEE; 6) AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AND THE METRO DEVELOPMENT AUTHORITY, INC.; 7) SETTING FORTH THE TERMS AND CONDITIONS ON WHICH THE BONDS ARE TO BE ISSUED AND APPOINTING A "DESIGNATED OFFICER" TO FINALIZE SUCH TERMS; 8) PROVIDING FOR A COMPETITIVE ADVERTISED SALE THEREOF; 9) AUTHORIZING THE PREPARATION AND DISTRIBUTION OF A NOTICE OF BOND SALE AND A PRELIMINARY AND FINAL OFFICIAL STATEMENT FOR THE BONDS; AND 10) TAKING OTHER RELATED ACTION.

Status: In-Committee

Committee: Labor & Economic Development

Primary Sponsor: David Tandy

Motion to Approve made by Robert Henderson and seconded by Kenneth C. Fleming.

Discussion: William O'Brien, Jefferson County Attorney's Office, Bruce Traughber, Director of the Economic Development Department, Craig Greenberg, Steve Poe, Poe Companies, LLC spoke to the item.

William O'Brien, stated there were certain minor details that had to be Amended and he would get into them after the complete presentation. He stated (the "Designated Officer") was the Mayor and that has been changed to the Chief Financial Officer. He stated the TIF Bonds have been taken care of by the new Ordinance. The following was discussed:

- Project has been going on for a year
- This is a \$490 Million Dollar project
- Project proposed by a local Development Team
- Building of a 62 Story Sky Scraper – Office, Museum, Hotel, Condominium and change the skyline what has been called by the Wall Street Journal –one of the three most architectural outstanding proposals in the world
- Almost \$300 Million of the \$490 Million Dollars project will be Construction, Debt, Financing for the private portion of this Building site
- The Development Team will sign a note for approximately \$300 Million Dollars
- \$150 Million Dollars of the project will be under the new TIF Statue , Public Infrastructure or Significant Project features, significant project cost
- \$40 Million Dollars of the project will be in the form of non-profit tax exempt financing for the Museum portion of the facility and for what is hoped to be a U of L occupied portion of the facility
- Discussion regarding the \$150 Million Dollars in Signature and Public Infrastructure Cost
- \$74 Million Dollars in proceeds to build the public infrastructure portion of the project
- Add to the \$74 Million , \$45 Million because all of the money is going to Public Infrastructure – No Metro money is going to the structure of the tower or what supports it
- All of the Governments money is going toward the Public Infrastructure – the roadways, sidewalks, public portion of the parking, and the removal of the LG& E Transmission line
- The Developer will pick-up another \$30 Million Dollars in debt service
- The Developer will sign a note for about \$330 Million Dollars to build this project.
- The incremental taxes that will occur as a result of this based on the pro-forma that has been prepared and analyzed by the bond financial advisors and by the State Revenue Cabinet indicate there will be sufficient revenue to pay the Series A and Series B principal and debt service payment
- Under the new TIF Statue enacted in the last General Assembly – gives the city ability to not only recover the principal payments that are made but also interest cost
- For the \$45 Million Dollars invested – Given three ranges of numbers – the moderate set was chosen to let the Council know what the risk would be
- Out of the \$45 Million Dollars – anticipate at least \$61 Million Dollars in TIF payments to cover the principal and interest that would be due under the grant agreement and the local participation agreement
- No guarantee today that 100% will be received in this investment
- The Public infrastructure to support Museum Plaza – Two thirds is being paid for by State Taxes and One Third is being pay for by Local taxes
- Over the course of the 30 years that these bonds are in effect about \$80 Million Dollars to the project in return increments to the project
- The Development Agreement pay \$650,000 on one portion and \$550,000 on the Hotel or Land if it they are sold
- The Developer will give to the Science Center \$1.5 Million to be used to compensate the Science Center for the Parking Revenue.
- The TIF Bonds will be sold to institutions at no less than \$250,000 Dollars increments
- Have to have a Construction loan in order to sell the Bonds
- Series A and B Bonds have to be sold before the Developers can get a Construction Loan
- The \$45 Million will go in with the Developer equity – We are in the project the same time the Developer will go in out of their own pocket
- None of the \$45 Million Dollars will be spent until the Construction loan is closed
- The Bonds are 30 Years Bonds or 33% if CM Heiner suggestion is taken

Questions:

- Urban Services District taxes
- Will we have enough equipment in our Urban Fire Department to service a building of this size
- When is the Developer team going to put their equity in
- How much TIF money will come in
- Need to Amend the Development Agreement - Section 1.15
- Will the \$45 Million Dollar Bond be the first Bond for the first financing of the project
- Will we have a portion of the \$45 Million Dollars before the Construction loan is in place
- Language regarding Pubic Infrastructure
- Interest rate on the Project as A and B goes up
- \$45 Million Dollar Bond the three years of Construction - will there be TIF Revenue to service the \$45 Million Dollars

- Why the Parking Revenue of the Garage the Government has built will not go to retire the Government Bonds
- Government taxes dollar will not be used to develop a Casino
- Government Revenue covering a third of the cost
- What will happen if the project is sold
- Discussion be open on the \$45 Million - if the project sold for a profit and it has been performing and the assumption is the TIF has been covering \$45 Million their would be no payment to Government – would like to be covered if the TIF fell short – need to have discussion on that point
- Section 2.05, Authority Obligations – Section C – Sub- paragraph 1, 2 and 3 needs to change the language – It should state (Remaining Released Amount)

Mr O'Brien reviewed the amendments in the ordinance. Primary changes are declaring the property surplus and changing the officer from the mayor to Chief Financial officer,
The amended version is [attached](#).

CW Hamilton made a motion to approve the amendments and CM Henderson seconded the motion. By unanimous vote the **amendments were approved**.

For: 5; Against: 0; Abstain: 0; Absent: 2

For: David Tandy, Kenneth C. Fleming, Cheri Bryant Hamilton, Tom Owen, Robert Henderson

Against: (None)

Abstain: (None)

Absent: Doug Hawkins, James Peden

Without objection this item was sent to **Old Business** on the 12/06/07 Council Agenda.

For: 5; Against: 0; Abstain: 0; Absent: 2

For: David Tandy, Kenneth C. Fleming, Cheri Bryant Hamilton, Tom Owen, Robert Henderson

Against: (None)

Abstain: (None)

Absent: Doug Hawkins, James Peden

Kelly Downard requested to be a Sponsor of this item.

R-251-11-07 A RESOLUTION DETERMINING A PARCEL OF REAL PROPERTY LOCATED AT 2230 BUECHEL AVENUE BETTER KNOWN AS THE HISTORIC BUECHEL TRAIN DEPOT, RECORDED DEED BOOK 5787, PAGE 242 IN THE OFFICE OF THE CLERK OF JEFFERSON COUNTY AND DEED OF RECORD BEING IN THE NAME OF COUNTY OF JEFFERSON, KY. AND AGENCY OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT ("METRO GOVERNMENT"), SUCCESSOR TO JEFFERSON COUNTY, KENTUCKY AS SURPLUS AND NO LONGER NEEDED FOR GOVERNMENTAL PURPOSES AND AUTHORIZING THEIR TRANSFER.

Status: In-Committee

Committee: Labor & Economic Development

Primary Sponsor: Kevin Kramer

Motion to Approve made by Doug Hawkins and seconded by Cheri Bryant Hamilton.

Discussion: James Braun, Property and Leasing Supervisor, Metro Department of Public Works and Assets, stated the property being transferred was known as the Old Historic Buechel Train Station. The following was discussed:

- This property was relocated from its original location
- Donation from the Collins family for the purpose of relocating the Train station
- Buechel Train Station and the surrounding property is used for a Social and Community Center
- The property has been managed by the City of Buechel
- The City of Buechel has had problems because they don't have ownership of the site

- The restriction in the Deed of donation from the Collins family for the property – restrict the use to a Social and Community Center and was for the specific relocation of the Buechel Train Station
- The property cannot be used for anything else – If use for anything else it would revert the property back to the Collin's Family
- The people in Buechel stated they would use the property as they have for several years and maintain the property and it is to their advantage to have the property so liability questions are not a problem
- The City of Buechel requested this past summer for the property to be transferred to their ownership
- CM Kramer endorsed the request.

By unanimous vote, this item was sent to the **Consent Calendar** on the 12/06/07 Council Agenda.

For: 7; Against: 0; Abstain: 0; Absent: 0

For: David Tandy, Kenneth C. Fleming, Doug Hawkins, Cheri Bryant Hamilton, Tom Owen, Robert Henderson
James Peden,
Against: (None)
Abstain: (None)
Absent: (None)

R-261-11-07 A RESOLUTION CONCERNING ANNUAL REPORTS TO THE COMMONWEALTH OF KENTUCKY CONCERNING ACTIVITIES IN DEVELOPMENT AREAS ESTABLISHED PURSUANT TO KRS 65.7041 TO KRS 65.7083.

Status: In-Committee

Committee: Labor & Economic Development

Primary Sponsor: David Tandy

Motion to Approve made by Kenneth C. Fleming and seconded by Cheri Bryant Hamilton.

Bruce Traugher, Director of the Economic Development Department stated the Resolution before the Committee is a result of a request from the State Tax Incentive Commission.. The following was discussed:

- The Tax Incentive Commission wanted the language more specific. The original language stated the reports would be prepared.
- The Tax Incentive Commission wanted the language changed to state what would be in the reports
- The two projects that have been approved by them are the Museum Plaza and University of Louisville Science TIF.
 - Language has been inserted in the grant contracts that stated the grant contracts will become effective only after the action has been done.
- Center City will be the third project.

By unanimous vote, this item was sent to the **Consent Calendar** on the 12/06/07 Council Agenda.

For: 7; Against: 0; Abstain: 0; Absent: 0

For: David Tandy, Kenneth C. Fleming, Doug Hawkins, Cheri Bryant Hamilton, Tom Owen, Robert Henderson
James Peden
Against: (None)
Abstain: (None)
Absent: (None)

R-235-10-07 A RESOLUTION OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT RELATING TO THE AUTHORIZATION OF AN INDUSTRIAL BUILDING PROJECT AND UNDERTAKING THE ISSUANCE OF INDUSTRIAL BUILDING REVENUE BONDS AT THE APPROPRIATE TIME TO FINANCE THE PROJECT AND TAKING OTHER PRELIMINARY ACTION.

Status: In Committee - Held

Committee: Labor & Economic Development

Primary Sponsor: Rick Blackwell

This item was removed at the request of the Administration per William O'Brien, Jefferson County Attorney's Office.

O-104-04-07 (S) AN ORDINANCE RE-ENACTING LOUISVILLE METRO CODE OF ORDINANCES (LMCO) SECTIONS, 35.091, 35.092, 35.100, 35.101, 35.102, 35.103, 35.104, 35.180, 35.181, 35.182 AND 35.183 REGARDING PERSONNEL POLICIES.

Status: In Committee - Tabled

Committee: Labor & Economic Development

Primary Sponsor:

Rick Blackwell

Kelly Downard

Kevin Kramer

Motion to Untable made by Robert Henderson and seconded by Cheri Bryant Hamilton.

Discussion: William O'Brien, Jefferson County Attorney's Office, stated the provisions before the Committee were maintained in the City of Louisville Ordinances. The following was discussed:

Chapter 35 - Personnel Policies

35.091-092- Co. Employees Retirement System

35.100 -.104 - Injury of Civilian Employee in Lou/Jeff/Co. Police Dept.

35.180 - .183 – Employment Indemnity

- Provide a benefit both on Medical and Hospital expenses and Supplemental Salary payments, Workmen's Compensation refund for people who work for Louisville Metro Police Department (LMPD) that are not classified as Police Officers doing the same or similar types of duties.
- 35.180 - Employee Indemnity is a provision which is about 40 years old. The purpose of this subchapter is to grant to certain officers and employees of the Metro Government indemnification for claims made against them for the good faith performance of their official duties. The County Attorney's Office will defend them. If the County Attorney determines it is outside the scope of duty and it wasn't done in good faith, coverage would be denied but it can appeal to the court on the denial. This is an Insurance policy for the employees where they will not have to be concerned as much about the performance of their duties.

By unanimous vote, this item was sent to the **Consent Calendar** on the 12/06/07 Council Agenda.

For: 7; Against: 0; Abstain: 0; Absent: 0

For: David Tandy, Kenneth C. Fleming, Doug Hawkins, Cheri Bryant Hamilton, Tom Owen, Robert Henderson, James Peden

Against: (None)

Abstain: (None)

Absent: (None)

Motion to Adjourn made by Robert Henderson.

The meeting adjourned at 5:00 P.M. without objection

***NOTE: Items sent to the Consent Calendar or Old Business will be heard before the full Council at the Metro Council Meeting, December 6, 2007.**

MEM